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DEPARTMENT OF EDUCATION  
LANSING



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**Summer Food Service Program  
Operational Memo No. 3**

**Fiscal Year 2005**

SUBJECT: Questions and Answers on the Simplified Summer Food Program

DATE: November 14, 2005

**BASICS OF THE SIMPLIFIED SUMMER FOOD PROGRAM**

**1. What is the Simplified Summer Food Program?**

The Simplified Summer Food Program is a variation of the Summer Food Service Program (SFSP) that Congress approved in the Child Nutrition and WIC Reauthorization Act of 2004 for eligible states that qualify based on a statutory formula. (Eligible states have lower than average participation rates in the SFSP.) The Simplified Summer Food Program grew out of an earlier pilot project, commonly known as the Lugar Pilot, which operated from FY 2001–2004 in fourteen (14) states. It is described in section 18(f) of the Richard B. Russell National School Lunch Act.

**2. Which states are eligible?**

Twenty (20) states qualified to participate in this simplified version of the SFSP beginning in 2005, the original fourteen (14) from the Lugar Pilot and six (6) new states. The states include (new states are bolded):

- |                     |                        |
|---------------------|------------------------|
| 1. Alaska           | 11. <b>Mississippi</b> |
| 2. Arkansas         | 12. Nebraska           |
| 3. <b>Colorado</b>  | 13. New Hampshire      |
| 4. Idaho            | 14. North Dakota       |
| 5. Indiana          | 15. <b>Ohio</b>        |
| 6. Iowa             | 16. Oklahoma           |
| 7. Kansas           | 17. <b>Oregon</b>      |
| 8. Kentucky         | 18. Puerto Rico        |
| 9. <b>Louisiana</b> | 19. Texas              |
| 10. <b>Michigan</b> | 20. Wyoming            |

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**3. May all SFSP Sponsors in these states participate under simplified procedures?**

Yes. This is a change from the Lugar Pilot that excluded most private nonprofit organization sponsors from participation.

**4. What is the purpose of the Simplified Summer Food Program?**

The purpose is to encourage organizations to provide meals to children in states that traditionally have had lower than average participation in summer feeding programs. Under simplified procedures, sponsoring organizations do not have to report costs in order to receive reimbursement, nor are they limited to using administrative funds strictly for administrative costs and "food money" for meal service related operational costs. By reducing reporting requirements, ensuring the maximum level of per meal reimbursement and providing greater flexibility in the use of program funds, more organizations may choose to participate or to expand current operations to reach more children.

**5. How does the Simplified Summer Food Program work?**

Under simplified procedures, SFSP sponsors in the eligible states receive the maximum amount of operating and administrative reimbursements (meals times the rates) without regard to their actual or budgeted costs. This makes them exempt from the cost comparison requirements in the SFSP regulations at 7 CFR 225.9(d)(7) and (d)(8). In addition, sponsors operating under simplified procedures may combine their operating and administrative reimbursements to pay for any allowable program cost.

## **APPLICATION REQUIREMENTS**

**6. How do sponsors in the eligible states apply to participate in this simplified version of the SFSP?**

Sponsors in eligible states must apply each year to participate just as they would under the regular SFSP.

**7. Do sponsors have to submit budgets under simplified procedures?**

Yes. All sponsors must continue to submit budgets with their applications, except experienced school food authorities that MDE has exempted.

**8. What is the exception for experienced School Food Authority (SFA) sponsors?**

MDE may exempt SFA sponsors that participated successfully in the SFSP last year from the annual budget submission requirement. However, school sponsors that do not meet these criteria must submit an annual budget, including:

- First year school sponsors,
- Returning school sponsors with a break in participation of one (1) or more years, and
- School sponsors with documented serious problems in managing the SFSP.

**9. Did the budget submission requirement for school sponsors change?**

Yes. Under the Lugar Pilot, all school sponsors were exempted from the budget submission requirements as long as they were experienced in operating the National School Lunch Program (NSLP). This policy changed to underscore the importance of the budget review process and the differences in the operation of the SFSP and the NSLP, especially for new sponsors or those that had operational problems last year.

**10. Are there any drawbacks for experienced school sponsors in not submitting an annual budget?**

School sponsors that are exempted from submitting a budget will not have the advantage of MDE budget review to determine the allowance of planned expenditures. Unallowable costs that would be identified during the budget/budget amendment process will go undetected until a review and/or audit is conducted.

## **REPORTING AND RECORDKEEPING REQUIREMENTS**

**11. Do sponsors have to maintain separate accounts and records of administrative and operating costs?**

No. However, school sponsors must utilize the Michigan Public School Accounting Manual which is located at:

[http://www.michigan.gov/mde/0,1607,7-140-6530\\_6605-21321--00.html](http://www.michigan.gov/mde/0,1607,7-140-6530_6605-21321--00.html)

**12. Do sponsors have to report their costs to the state agency at any time?**

Under simplified procedures, sponsors do not have to report their costs in order to receive reimbursement. However, sponsors must continue to maintain records of their costs and make them available for review or audit.

**13. What cost records must be maintained under the simplified procedures?**

All records of expenditures and income to the program must be kept.

**14. Does the operation of other child nutrition programs affect a sponsor's documentation of SFSP costs under the simplified procedures?**

All sponsors must maintain documentation of a nonprofit food service. School sponsors and other sponsors that operate multiple child nutrition programs (CN programs) on a year-round basis do not need to maintain a separate nonprofit food service for the SFSP. SFSP reimbursements and expenditures can be included in a single nonprofit food service account with funds from any other CN program authorized under the Richard B. Russell National School Lunch Act or the Child Nutrition Act of 1966, except for the WIC Program.

**15. To what extent do sponsors have to track costs vs. rates?**

SFSP sponsors operating under simplified procedures do not have to consolidate costs by category type (operating or administrative). However, they should be aware of their costs in each category and take action to improve the meal service or other aspects of the food program if their operating costs are less than their anticipated reimbursement.

**USE OF PROGRAM FUNDS**

**16. If a sponsor's operating costs are lower than the reimbursement received, can the sponsor use the extra operating funds for administrative costs?**

Yes. The operating and administrative reimbursements may be used to pay for any allowable program cost. However, the sponsor must maintain a nonprofit food service and must ensure that benefits to children are not diminished.

**17. Can the sponsor use excess operating funds for other CN programs?**

Yes. As long as the funds are only used to support a nonprofit food service. Most importantly, the sponsor must ensure that SFSP benefits to children and the quality of SFSP program administration are not diminished. Please refer to Q & A 15 for more information on other CN programs.

**18. Are there any limitations on how sponsors use the reimbursement that exceeds their costs?**

There are no limitations, as long as the funds are spent on allowable costs related to the SFSP, as described in FNS Instruction 796-4, Rev. 4. Excess funds should be used in the following ways, which are listed in order of importance:

1. Improve the meal service or other aspects of the summer food program,
2. Keep the excess funds for next year's SFSP operations, or
3. Pay for allowable costs of other CN Programs.

**19. Do sponsors without year-round CN programs have to return unused SFSP funds at the end of the fiscal year?**

No. Sponsors are not obligated to return unused funds. However, organizations that expect to sponsor the program next year should maintain any excess funds at the end of the summer for next year's SFSP operations.

**MAINTAINING THE NONPROFIT FOOD SERVICE ACCOUNT**

**20. How does a sponsor ensure that the food service is nonprofit?**

The sponsor must maintain documentation of all revenues received and expenses paid from the account. Since only allowable costs may be funded from the nonprofit food service account, these costs must be necessary, reasonable, and properly documented. The determination that the food service account is nonprofit does not result from simply comparing costs and rates. Rather, it requires a determination that all costs charged to the account were allowable and that all funds accruing to the account were properly identified and recorded as nonprofit food service revenue.

**21. How is program income accounted for under simplified procedures?**

A sponsor must continue to account for any income that accrues to the program, but the income will not be deducted from the combined operating and administrative costs to determine the amount of reimbursement the sponsor is entitled to receive.